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TO RUEATRS/DEPT OF TREASURY WASHDC IMMEDIATE

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RUCNRAO/IRAQ COLLECTIVE PRIORITY

RUEHRH/AMEMBASSY RIYADH PRIORITY 6696

RHMFIUU/HQ USCENTCOM MACDILL AFB FL PRIORITY

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E.O. 12958: N/A

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SUBJECT: ISLAMIC DEVELOPMENT BANK ON AID TO IRAQ AND GAZA

REF: A. JEDDAH 149

[B. KUWAIT](#) 2954

¶1. On July 22, Econ Counselor met with two senior Islamic Development Bank officials in Jeddah. They are Amadou Boubacar Cisse (VP for Operations) and Rami Ahmad (Deputy Director of Operations in charge of Middle East projects). Cisse briefed on Iraq, Gaza and more generally on how the IDB makes project decisions:

-- IRAQ. The IDB allocated \$500 million for Iraq in 2005, for a five-year period. Consulting with the Iraqi government it selected education and electricity as the top priorities. To date, it has approved only one project, worth \$12.8 million, to build 15 elementary schools and train teachers, including by the World Bank in Washington. The IDB is aware of the UN/World Bank trust funds but prefers to fund countries directly, and is awaiting the Iraqi Government to provide further projects for IDB staff evaluation.

-- Iraqi Central Bank Governor Sinan al-Shabibi visited the IDB last year, at which time the IDB cleared out overdue dues unpaid by Saddam and restored Iraq to full IDB membership.

-- GAZA. Cisse said the proposed Egypt-Gaza electricity transmission project is under technical review, and not fully approved as yet by the IDB Board. IDB projects for the Palestinians are often done directly with contractors and not funded through the Palestinian Authority, he said.

-- IDB at the Singapore meeting. IDB President Madani leads the IDB delegation to the annual Bank/Fund meetings in the Fall and will be in Singapore in September. VP Cisse generally leads the IDB delegation to the annual Bank/Fund Spring meetings in Washington.

-- Who Makes IDB decisions? The IDB has 56 member countries, and not all have Muslim majorities (Russia has applied for observer status). There are seven permanent board members: Saudi, Kuwait, UAE, Iran, Turkey, Libya, and Egypt. The three Gulf countries contribute the majority of the IDB's capital (Saudi is the largest with 22 percent, roughly the same as US's contribution to the World Bank) and thus together can control project allocation, per Cisse.

¶2. Comment: IDB staff described Cisse as a former PM of Niger and former World Bank staffer of some 15 years. On Iraq, IDB appears to rely heavily on the World Bank for information. For instance on the proposed Iraq Compact meeting of July 20, IDB was planning on getting a readout from the World Bank office in Amman, though the IDB received an invitation to attend.

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